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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004729

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TAGS: ECON EFIN I2

SUBJECT: PRT TIKRIT: PROVINCIAL BUDGET EXECUTION PART II:  
LOCAL GOVERNMENT STUMBLING FORWARD

REF: BAGHDAD 4728

Classified By: PRT Leader Stephanie Miley for reasons 1.4 (b) and (d).

¶1. (U) This is a PRT Tikrit, Salah ad Din cable.

¶2. (U) This is the second of three cables regarding budget execution in Salah ad Din province.

¶3. (C) SUMMARY. Budget execution in Salah ad Din (SaD) is neither timely nor equitable. Lacking the processes necessary to guarantee transparency, accountability, Qd tracking of implemented projects, financial decision-making authority at the provincial level is limited to a small clique of influential powerbrokers for whom democracy, openness, and rule of law do not appear as high priorities. Development of superior budget execution procedures will be vital to establishing greater legitimacy of the provincial government in SaD and encouraging economic growth. END SUMMARY.

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Slow, Unfair Process  
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¶4. (C) For SaD residents, the provincial government's legitimacy and effectiveness hang on its ability to implement capital projects ) a test that the government of SaD is currently failing. Estimated to have only spent 30 percent of its 2006 budget allocation thus far, in part due to the GOI's delayed transfer of the province's funding, Salah ad Din suffers from slow and uneven distribution of its resources. Additionally, there is not presently an independent mechanism to account for and/or oversee appropriated government projects; budget execution decisions are largely subject to the whims of a small clique of powerbrokers, most of who are from Al Alam, a town which neighbors Tikrit. The dearth of capital projects in underrepresented areas, such as Bayji and Samarra where residents boycotted the 2005 elections, leads to increasing public frustration, undermines legitimacy of the democratic process, and deprives these areas of significant economic benefits.

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Small Circle of Power  
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¶5. (C) In practice, important provincial decisions are usually made by a small leadership group who hold their power based on tribal connections. This group, mostly from the Al Alam village (the Ejbarah clan of the Al Jabouri tribe) located near Tikrit, includes the Deputy Governor (General Abdullah), the Provincial Council Chairman (Sheikh Rashid), the Governor's technical advisor, and several others. As reported reftel, what limited records exist on the provincial government's budget are taken manually by the provincial

council building book keeper and are rarely, if ever, reconciled. Provincial Council (PC) approval of projects, while mandated by Council bylaws, is not actually seen as necessary by the Al Alam clique. On December 18, General Abdullah suggested to a PRT member that the small group (led by him of course) could "more efficiently" appropriate and oversee all provincial projects without the help of anyone else. (COMMENT: While the PC is taking positive steps forward toward democratic governance, it has not yet translated into fair and equitable provincial budget execution. END COMMENT.)

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Uneven Project Distribution Leads to Public Frustration  
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¶16. (C) Despite disproportionate geographic representation on the provincial council, with Bayji and Samarra underrepresented on the PC, a fair slate of projects were considered in 2006 that were generally distributed according to population. However, in practice, the bulk of the projects authorized by the PC was only for Tikrit/Al Alam and Tuz, from where the vast majority of PC members hail, and virtually ignored other areas. (NOTE: While most of the provincial power players are from Al Alam, the Governor's influential technical advisor is from Balad. END NOTE) The following data is from an ongoing, unofficial study by the PRT of already appropriated 2006 projects.

----Tikrit ) 13% of population, 33% of approved projects.  
----Tuz ) 13% of population, 22% of approved projects.  
----Samarra ) 16% of population, 3% of approved projects.  
----Bayji ) 12% of population, 7% of approved projects.  
----Ad Dawr ) 4% of population, 2% of approved projects.

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----Balad ) 17% of population, 15% of approved projects.

¶17. (C) Confirming what the numbers demonstrate, many residents of Bayji, a strategic center of energy production and corruption north of Tikrit, see the provincial government as ineffective and unresponsive to their basic needs. Based on interviews conducted on December 6 as well as atmospheric reports, Bayji citizens see their provincial leaders as "corrupt", "puppets", and ineffectual. While there are many reasons for the disillusionment, the low number of visible capital projects being implemented is likely a key factor. In contrast, during a recent visit to Tuz by the Governor and Provincial Council Chair accompanied by the PRT leader, two PC members from Tuz candidly stated that they recognized that the community did indeed receive more than its fair share of projects.

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Tuz Council Members Boycott, Stalling Budget Execution  
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¶18. (C) Due to the irregular 2005 voting, a disproportionate number of seats (15 out of 40) in the provincial council belong to representatives from Tuz, a geographically isolated, predominantly Turcoman and Kurdish city in the far northeast corner of SaD. Relations between the Tuz block and the Al Alam PC leadership, previously harmonious, appear to be declining precipitously. Claiming that the PC is unresponsive to their needs, the Tuz faction announced in November that they would no longer participate in provincial government activities. The Tuz block clarified their position by sending a letter to the PC Chairman, which was announced during an attempted PC meeting on December 25. The letter charged the Al Alam clique with poor communication, not providing support for city infrastructure needs, and failing to secure the highway to Tuz (a site of frequent kidnappings and killings).

¶19. (C) The failure of the Tuz block to attend the PC meeting on December 25 guaranteed that a critical budget

appropriations vote did not occur, since the council was unable to reach a quorum. (NOTE: This was in spite the best efforts of many council representatives, who wanted to pass the measure with only the approval of the Al Alam block, contrary to council bylaws. However democracy prevailed and they did not vote in the absence of the quorum. END NOTE.) This event illustrates a common phenomenon; even well-intentioned, uncorrupted development projects often experience long delays before they are approved and work is begun.

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Comment  
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¶10. (C) Transformation to a strong, transparent government which truly limits opportunities for corruption will not be easy; nearly all of the influential provincial decision-makers, including the Deputy Governor, the PC Chairman, and others, will have a vested interest in maintaining the status quo, especially in an election year. Further delays and interruptions in the governance process can be expected as SaD continues the (often painful) march toward democratic governance. Although it often receives less attention than other issues, developing efficient, fair, and equitable budget execution procedures may be the most important factor in the long-term promotion of economic development and democracy in SaD. END COMMENT.

¶11. (U) For additional reporting from PRT Tikrit, Salah ad Din, please see our SIPRNET reporting blog:  
<http://www.intelink.sgov.gov/wiki/Tikrit>.

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